

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>	Printed Name		License Number	

MID MICHIGAN WASTE AUTHORITY

Saginaw County, Michigan

FINANCIAL STATEMENTS

December 31, 2006 and 2005

MID MICHIGAN WASTE AUTHORITY

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	2
Statement of Revenues, Expenses and Changes in Net Assets	3-4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Operating Expenses	11

BERTHIAUME
& COMPANY

Certified Public Accountants



60 Harrow Lane
Saginaw, Michigan 48638

(989) 791-1555
Fax (989) 791-1992

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Mid Michigan Waste Authority
Saginaw, Michigan

We have audited the statement of net assets of the Mid Michigan Waste Authority as of December 31, 2006 and 2005, and the related statements of revenues, expenses and changes in cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid Michigan Waste Authority as of December 31, 2006 and 2005, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mid Michigan Waste Authority's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

Berthiaume & Co.

April 4, 2007

MID MICHIGAN WASTE AUTHORITY

STATEMENT OF NET ASSETS

December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets:		
Cash and cash equivalents	\$ 316,130	\$ 97,958
Due from other governmental units:		
Billed services to members	1,203,437	1,199,108
Rebalanced member deposits	-	112,735
New member deposits	<u>4,823</u>	<u>-</u>
Total assets	<u>1,524,390</u>	<u>1,409,801</u>
Liabilities:		
Accounts payable	496,864	494,276
Payroll related liabilities	3,344	3,100
Member deposits	<u>696,328</u>	<u>691,505</u>
Total liabilities	<u>1,196,536</u>	<u>1,188,881</u>
Net assets:		
Unrestricted	<u>\$ 327,854</u>	<u>\$ 220,920</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Albee Township	\$ 77,067	\$ 74,269
Bethany Township	47,657	3,406
Birch Run, Village of	38,998	38,762
Birch Run Township	157,743	154,711
Blumfield Township	71,336	68,537
Brady Township	67,263	64,384
Brant Township	76,285	4,840
Breckenridge, Village of	52,176	45,882
Bridgeport Charter Township	469,358	461,802
Buena Vista Township	362,831	361,242
Carrollton Township	256,469	254,985
Chapin Township	41,794	43,196
Chesaning, Village of	112,963	107,354
Chesaning Township	92,274	94,650
Frankenmuth, City of	157,393	159,154
Frankenmuth Township	79,286	74,857
Fremont Township	75,253	74,256
James Township	89,276	87,342
Jonesfield Township	33,552	32,815
Kochville Township	86,393	86,862
Lakefield Township	39,429	38,634
Maple Grove Township	95,527	100,130
Marion Township	38,436	37,884
Merrill, Village of	26,884	25,476
Richland Township	136,374	132,408
Saginaw, City of	1,845,046	1,865,597
Saginaw Charter Township	1,411,329	1,380,131
St. Charles, Village of	85,581	70,203
St. Charles Township	59,149	58,937
Spaulding Township	101,289	97,622
Swan Creek Township	81,709	80,880
Thomas Township	466,510	459,470
Tittabawassee Township	317,084	309,937
Wheeler Township	4,142	-
Zilwaukee, City of	82,910	82,138
Contracted services	302,750	320,750
Other revenue	14,469	11,440
	<hr/>	<hr/>
Total operating revenues	7,553,985	7,364,943

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS, CONTINUED**

December 31, 2006 and 2005

Operating expenses	<u>7,473,663</u>	<u>7,387,521</u>
Operating income (loss)	80,322	(22,578)
Non-operating revenues:		
Interest income	<u>26,612</u>	<u>22,808</u>
Net income	106,934	230
Net assets, beginning of year	<u>220,920</u>	<u>220,690</u>
Net assets, end of year	<u>\$ 327,854</u>	<u>\$ 220,920</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 7,345,172	\$ 7,388,463
Other cash receipts	317,219	332,190
Payments to suppliers	(7,331,190)	(7,502,349)
Payments to employees	<u>(139,641)</u>	<u>(143,404)</u>
Net cash provided by operating activities	<u>191,560</u>	<u>74,900</u>
Cash flows from investing activities:		
Interest earned	<u>26,612</u>	<u>22,808</u>
Net cash provided by investing activities	<u>26,612</u>	<u>22,808</u>
Net increase in cash and cash equivalents	218,172	97,708
Cash and cash equivalents, beginning of year	<u>97,958</u>	<u>250</u>
Cash and cash equivalents, end of year	<u><u>\$ 316,130</u></u>	<u><u>\$ 97,958</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 80,322	\$ (22,578)
Decrease in assets:		
Due from other governmental units	103,583	211,289
Increase (decrease) in liabilities:		
Checks written against future deposits	-	(244,424)
Accounts payable	2,588	(16,300)
Member deposits	4,823	144,421
Payroll related liabilities	<u>244</u>	<u>2,492</u>
Net cash provided by operating activities	<u><u>\$ 191,560</u></u>	<u><u>\$ 74,900</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mid Michigan Waste Authority was created by twelve municipal corporations within Saginaw County under Act 233, Public Acts of Michigan, 1955. It was created in 1991 for the purpose of acquiring, owning, improving, enlarging, extending and operating a solid waste management system, excluding incinerators, in accordance with the Enabling Act and to perform any other functions permitted by the Enabling Act. The Authority is made up of 35 members as of December 31, 2006.

The accounting policies of the Mid Michigan Waste Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The Mid Michigan Waste Authority is the primary government which has oversight responsibility and control over all activities. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Authority (the primary government) and do not include any other component units within its financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The financial activities of the Authority are recorded within one fund, categorized and described as follows:

Proprietary Fund – Used to account for ongoing organizations and activities that are similar to those found in the private sector.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. In accordance with GASB Statement 20, the Authority has elected not to apply the FASB statements issued after December 1, 1989 to its financial statements.

Assets, Liabilities and Equity

Deposits – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit. For purposes of the statement of cash flows, the above are considered to be cash and cash equivalents.

Due from Other Governmental Units – Recognized for all significant amounts due to the Authority. No allowance for uncollectible accounts has been provided as management does not believe collection to be doubtful.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits: The Authority is authorized by the State of Michigan Public Act 217 of 1982 to deposit its funds in banks, savings and loan associations, or credit unions having their main offices in the State of Michigan.

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2006, \$1,345,518 of the Authority's bank balance of \$1,445,518 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,345,518
--------------------------------	--------------

NOTE 3: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for all its insurance needs. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in the past three fiscal years.

NOTE 5: DUE FROM OTHER GOVERNMENTAL UNITS

The balance due from other governmental units at December 31, 2006 and 2005 consisted of:

	<i>December 31, 2006</i>			<i>Net Due</i>
	<i>Billed Services</i>	<i>Member Deposit</i>	<i>Net Due 2006</i>	<i>2005</i>
Albee Township	\$ 18,656	\$ -	\$ 18,656	\$ 13,186
Bethany Township	7,845	-	7,845	7,853
Birch Run, Village of	2,964	-	2,964	6,037
Birch Run Township	26,150	-	26,150	25,335
Blumfield Township	11,995	-	11,995	16,911
Brady Township	11,420	-	11,420	10,514
Brant Township	11,978	-	11,978	11,624
Breckenridge, Village of	8,542	-	8,542	8,381
Bridgeport Charter Township	76,029	-	76,029	74,511
Buena Vista Township	90,915	-	90,915	88,942
Carrollton Township	41,620	-	41,620	41,628
Chapin Township	6,628	-	6,628	6,976
Chesaning, Village of	18,555	-	18,555	17,323
Chesaning Township	15,505	-	15,505	17,552
Frankenmuth, City of	25,768	-	25,768	24,972
Frankenmuth Township	13,110	-	13,110	12,799
Fremont Township	12,016	-	12,016	12,808
James Township	14,267	-	14,267	13,946
Jonesfield Township	5,338	-	5,338	5,268
Kochville Township	13,795	-	13,795	14,078
Lakefield Township	6,366	-	6,366	6,144
Maple Grove Township	15,812	-	15,812	16,175
Marion Township	6,214	-	6,214	6,192
Merrill, Village of	4,331	-	4,331	4,033
Richland Township	22,971	-	22,971	21,602
Saginaw, City of	290,107	-	290,107	403,002
Saginaw Charter Township	226,109	-	226,109	231,489
St. Charles, Village of	13,785	-	13,785	11,548
St. Charles Township	9,765	-	9,765	15,481
Spaulding Township	16,216	-	16,216	15,306
Swan Creek Township	13,392	-	13,392	12,896
Thomas Township	75,923	-	75,923	74,153
Tittabawassee Township	51,617	-	51,617	49,931
Wheeler Township	4,142	4,823	8,965	49,931
Zilwaukee, City of	13,591	-	13,591	13,247
	<u>\$ 1,203,437</u>	<u>\$ 4,823</u>	<u>\$ 1,208,260</u>	<u>\$ 1,361,774</u>

NOTE 6: MEMBER DEPOSITS

The balance of member deposits at December 31, 2006 and 2005 consisted of the following:

	<u>2006</u>	<u>2005</u>
Albee Township	\$ 6,427	\$ 6,427
Bethany Township	4,447	4,447
Birch Run, Village of	3,362	3,362
Birch Run Township	13,383	13,383
Blumfield Township	6,222	6,222
Brady Township	5,488	5,488
Brant Township	6,784	6,784
Breckenridge, Village of	4,455	4,455
Bridgeport Charter Township	45,895	45,895
Buena Vista Township	34,523	34,523
Carrollton Township	27,045	27,045
Chapin Township	3,658	3,658
Chesaning, Village of	10,225	10,225
Chesaning Township	10,601	10,601
Frankenmuth, City of	15,100	15,100
Frankenmuth Township	6,346	6,346
Fremont Township	6,104	6,104
James Township	8,944	8,944
Jonesfield Township	3,549	3,549
Kochville Township	8,061	8,061
Lakefield Township	3,033	3,033
Maple Grove Township	8,477	8,477
Marion Township	2,891	2,891
Merrill, Village of	2,411	2,411
Richland Township	11,624	11,624
Saginaw, City of	174,865	174,865
Saginaw Charter Township	144,100	144,100
St. Charles, Village of	8,769	8,769
St. Charles Township	5,133	5,133
Spaulding Township	8,845	8,845
Swan Creek Township	7,660	7,660
Thomas Township	43,350	43,350
Tittabawassee Township	29,174	29,174
Wheeler Township	4,823	-
Zilwaukee, City of	10,554	10,554
	<u>\$ 696,328</u>	<u>\$ 691,505</u>

	<u>2006</u>	<u>2005</u>
Operating expenses:		
Accounting and auditing	\$ 9,770	\$ 12,105
Collections	5,336,345	5,187,801
Composting	168,282	120,166
Disposal	1,471,445	1,489,991
Office support services	60,500	56,383
Payroll taxes	11,285	10,997
Legal	950	4,617
Programming	226,793	298,153
Recycling	48,652	63,904
Salaries	<u>139,641</u>	<u>143,404</u>
 Total operating expenses	 <u>\$ 7,473,663</u>	 <u>\$ 7,387,521</u>